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AMEMBASSY BERLIN PASS TO AMCONSUL DUSSELDORF

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SUBJECT: PROGRESS MADE WITH THE INTERNATIONAL RENEWABLE ENERGY
AGENCY, BUT LONG ROAD AHEAD

REF: 09 STATE 73217; 08 BERLIN 493

CLASSIFIED BY: Richard G. Olson, Ambassador; REASON: 1.4(B), (D)

11. (SBU) Summary: At the third Preparatory Commission (Prep Com) of the International Renewable Energy Agency (IRENA) in Abu Dhabi, critical progress was achieved on a number of programmatic, administrative and legal fronts related to establishing a transparent, progressive and efficient international organization. A compromise between the United Arab Emirates (UAE) and Germany regarding the work and timing of the launch of the Bonn Innovation Center was struck. Important steps regarding Israeli participation in the UAE-hosted international organization were also made. However, the nascent IRENA has been slow in establishing itself, in part due to an unimpressive and problematic Secretariat. The United States must remain actively engaged on multiple fronts to help guarantee IRENA's relevancy and success. End Summary.

12. (SBU) The IRENA Prep Com on January 17 in Abu Dhabi was attended by 120 of 141 member states (signatories to the IRENA Statute) and 26 observer countries, including Brazil, Canada, China and Saudi Arabia. Three countries, including South Africa, signed the IRENA Statute. [Note: Please see paragraphs 22 and 13 respectively for complete lists of member and observer countries. End note.] The IRENA Administrative Committee (Admin Com), held January 16, consisted of mostly working level participants from member states only. Bureau of Oceans and International Environmental and Science Affairs (OES) Assistant Secretary Dr. Kerri-Ann Jones led the U.S. delegation, which also included representatives from the Bureau of Economic, Energy and Business Affairs, the Bureau of International Organization Affairs, the Bureau of Legal Affairs, and OES. Nearly all discussion at the Admin Com and the Prep Com centered on institutional matters, such as rules and regulations for staff, finances, secondments, governance, etc; discussion on the programmatic details of renewable energy in the formal proceedings was very limited. A/S Jones had bilateral meetings with UAE Foreign Minister Sheikh Abdullah bin Zayed, Israeli Minister of

National Infrastructures Uzi Landau, and German State Secretary of Environment Juergen Becker, and the Japanese and Greek delegations. The U.S. delegation cooperated closely with the delegations from Australia, Israel, Japan, the United Arab Emirates, and the United Kingdom.

Significant Progress in Abu Dhabi-Bonn Compromise

13. (SBU) A hard won agreement between the UAE and Germany regarding the work and timing of the launch of Bonn's Innovation Technology Center (ITC) was finally struck, in part due to pressure from the U.S. and Japan, and in part due to concerns about bad public relations. An opening ceremony for the Abu Dhabi headquarters will take place in early spring 2010, with German Environment Minister Norbert Roettgen in attendance. Bonn will launch the ITC in May/June, on the margins of the UN climate negotiations hosted in Bonn, May 31-June 11. A senior UAE official will attend. The agreement between the UAE and Germany paved the way for the important Prep Com formal decision to accept the 2010 Work Program and Budget.

The IRENA Secretariat

14. (C/NF) Helene Pelosse of France was elected Interim Director General (IDG) at the June 2009 Prep Com. Several member states, including Australia, Germany, Japan, Spain, Tonga, the UAE, and the UK, voiced concerns to the U.S. delegation about the IDG's handling

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of several issues, including failure to manage the Abu Dhabi-Bonn problem, failure to appreciate the sensitivity of member states in handling Taiwan's desire to participate in the Prep Com as an observer, and unwillingness to find time to interview two Argentine secondment candidates (sent as part of the Argentine delegation specifically to be interviewed). In addition, Pelosse largely avoided the U.S. delegation, and her staff responded with indifference, at best, to a request for a meeting between A/S Jones and the IDG. We also have growing concern over Pelosse's lack of sensitivity to the need to respect governance processes of the organization (she accorded special access to members of the French delegation to sensitive negotiations between the Secretariat and the UAE over headquarters arrangements, and has habitually failed to meet process deadlines or consult with key member states when it would be in the interest of the Secretariat to do so).

15. (C/NF) The Secretariat and the UAE have a strained relationship. In part, this is due to lack of capacity within the UAE to quickly and nimbly handle all the institutional and administrative tasks necessary to stand up IRENA. At the same time, the Secretariat has not demonstrated sufficient flexibility on outstanding issues such as housing for the IDG and staff and expectations for UAE-funded per diem and gym membership. [Comment: IDG Pelosse's limited English language ability likely does not help Secretariat communications with the UAE. End comment.]

16. (SBU) IRENA will transition from interim authority under the Preparatory Commission to permanent governance under the IRENA Statute once the Statute is ratified by 25 countries and enters into force. The U.S. will be actively engaged on a host of transition-related matters, including the selection of a permanent DG.

High Level UAE Engagement

17. (C/NF) During a meeting between UAE Foreign Minister Sheikh Abdullah bin Zayed (AbZ) and A/S Jones and Deputy Chief of Mission Douglas Greene, AbZ expressed strong gratitude for U.S. support of the UAE's bid to host IRENA. AbZ noted his desire to elevate IRENA's profile, but lamented that IDG Pelosse "is not the wisest choice for IRENA" and recommended that efforts be made to assist with her departure from the organization. AbZ proposed the creation of a fund that combines US-UAE financing and expertise to help countries in South America, Sub-Saharan Africa and the Caribbean to develop renewable energy programs. A/S Jones noted that IRENA needs to look at how to transition the management of IRENA and look at the convergence of ideas and activities that the

US and the UAE share.

18. (C/NF) In response to A/S Jones' comment about equal treatment for all members, AbZ admitted that the issue of an Israeli permanent mission in Abu Dhabi presents sensitive security questions. AbZ prefers to house the office in IRENA's own facilities in order to provide security that he does not feel would be possible in a commercial building. A/S Jones advised that there are a number of sensitivities with Israel and that often things could be misread even if the UAE's motives were in the interest of security. AbZ offered assurances that all IRENA members would be treated equally in the UAE. [Comment: AbZ's comments were significant because it reconfirmed the UAE's commitment to allow, eventually, for the Israelis to have an IRENA permanent mission in Abu Dhabi, a commitment made previously by AbZ to the National Security Council and the Office of the Vice President in spring

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2009.] AbZ advised A/S Jones that he had rejected a bilateral meeting with the Israeli delegation, pointing out that the conference was about IRENA not about UAE-Israel relations and that this was not the time to enter into talks with Israel.

Israeli Participation

19. (C/NF) The Israeli delegation, led by Minister of National Infrastructures Uzi Landau, with representatives from the Ministry of Foreign Affairs and the Ministry of National Infrastructures, was relatively large (seven or eight individuals). The delegation was under instruction from capital to be assertive and aggressive in pursuit of its objectives, which largely centered on the goal of a permanent mission. Israel was one of the countries that presented an opening statement. Several steps taken as "security" measures heightened Israeli sensitivities. UAE officials did not admit Israeli representatives through normal immigration channels, instructed them not to move beyond the hotel or the conference venue (including disinviting them from an IRENA dinner outside the hotel), and took other steps to limit the profile of their participation, such as instructing them not to speak Hebrew or display Hebrew reading material. None were issued visas. The delegation did sit behind their flag in the negotiating room and otherwise participated alongside other member states. Also, the Israeli head of delegation was only displayed in close-up on the video monitors for a limited time at the end of his opening statement.

110. (C/NF) During A/S Jones bilateral meeting with Minister Landau, the Israelis sought reassurance of strong US support for an Israeli permanent mission in Abu Dhabi. A/S Jones assured him that the US strongly supports equal rights and privileges for all IRENA member states. Minister Landau cautioned that the interim headquarters agreement (HQA) (which is established between the UAE and the IRENA Secretariat, with technical input from several member states, including the US) should have language about future establishment of permanent missions because postponing the issue to the permanent HQA negotiations will only lead to more political difficulties. A/S Jones underscored the US commitment to help advance Israeli interests, as an IRENA signatory, in the ongoing negotiations for both the interim and permanent HQAs. She also noted the UAE's commitment to making IRENA a successful international organization.

111. (SBU) Minister Landau expressed Israel's desire to add water and climate change to IRENA's mandate, as well as Israeli interest in technical cooperation on these issues with its neighboring countries. A/S Jones suggested limiting IRENA's focus, during this early stage of its establishment, to renewable energy to ensure its success and focus; she indicated the natural link to climate change.

Headquarters Agreement

112. (C/NF) A HQA Working Group with participation from France, Germany, Austria, Argentina, Tonga, the UAE, and the US made important progress on the interim HQA. Prior to the negotiations on the HQA, UAE officials approached the US delegation and signaled their willingness to confirm equal treatment for all members under

the HQA, but an objection to providing for permanent missions when the IRENA structures were not yet permanent. The UAE further signaled an intent to address the issue in the permanent agreement when the IRENA Statute enters into force and a permanent Secretariat is established. The US delegation discussed this issue

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with members of the Israeli delegation, who noted that such an outcome presented a practical way forward. During the Working Group negotiations it was agreed that the interim HQA will not provide for the establishment of permanent missions, but, at the insistence of the US delegation, will include language noting that all members will be accorded benefits under the agreement, notwithstanding any lack of diplomatic relations between the UAE. [Note: This issue is not an Israel-specific issue, as we understand there are seven other countries that are signatories to the IRENA statute but do not have diplomatic relations with the UAE. End note.] The US delegation, along with several others, re-emphasized a collective understanding that permanent arrangements will provide for permanent missions. It is anticipated that the interim HQA will be finalized in the next month, and then negotiations on the permanent HQA will begin immediately thereafter.

Observer Countries and Organizations

¶13. (SBU) The following countries attended the Prep Com as observers: Belgium, Belize, Bolivia, Botswana, Brazil, Burundi, Canada, China, Colombia, Hungary, Indonesia, Kyrgyz Republic, Malaysia, Mexico, Mozambique, New Zealand, Qatar, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, South Africa, Suriname, Thailand, Tuvalu, Ukraine, and Vietnam. The Kyrgyz Republic, Saint Vincent and the Grenadines, and South Africa signed the IRENA Statute, the first step toward membership. During Foreign Minister Sheikh Abdullah bin Zayed's remarks at the Prep Com, he noted Saudi Arabia's intention to join IRENA. The Canadian representative, from the local embassy, stated Canada is very likely to join IRENA in one to two years.

¶14. (SBU) Working level members of the Chinese delegation, from the National Development Resource Council and the National Energy Agency, informed the US delegation that they would be reporting to NDRC for a decision about whether or not to join. They intended to recommend participation, but noted the lack of capacity within the Chinese government to participate in all multilateral energy fora, including the lack of government representatives with fluent English language skills. According to the United Kingdom, it was Taiwan's interest in attending IRENA as an observer that prompted China's participation, not a keen interest in IRENA itself.

¶15. (SBU) Weeks in advance, Taiwan had expressed interest in participating in the Prep Com as an observer. A Taiwanese delegation was scheduled to attend, with UAE visas already issued, however Taiwan did not attend and was not listed on the document of observing parties. Our understanding is that the IRENA Secretariat mishandled Taiwanese participation either by disinviting the delegation when China confirmed its attendance as an observer and/or by disinviting the delegation once realizing that the Secretariat had incorrectly registered Taiwan as a country, rather than usual protocol, and was unable to fix the problem in a timely fashion. Regardless of the exact details, the Secretariat did not act in the best interests of IRENA or member states.

¶16. (U) Among the 43 observing organizations were the American Council on Renewable Energy, the Asian Development Bank, the Arab League, the International Solar Energy Society, the Palestinian Energy Authority, the Palestinian Energy and Environment Research Center, and the World Future Council.

IRENA's 2010 Work Program and Budget

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¶17. (SBU) The 2010 Work Program and Budget was formally approved based on the agreement between Abu Dhabi and Bonn. The Work Program seeks to reconcile the need to acknowledge the current

state of institutional actions occurring in this field thereby avoiding duplication, with the need to demonstrate early success and added value. More details will be needed regarding the implementation of the specific tasks that are now shared by the Abu Dhabi Headquarters and the Bonn Innovation Center.

Important Progress on Several Institutional Arrangements

¶18. (SBU) Financial Rules and Regulations, Staff Rules and Regulations, Staff Provident Fund, and Secondment Rules and Regulations: The package of administrative and financial regulations manifested a significant area of USG and other signatory state disagreement with IDG Pelosse. She has espoused a vision of an institutional trajectory for IRENA that would have it replicate UN administrative financial structures, facilitating its absorption (in some way) into the UN system. The regulations advanced by the Secretariat, and approved before the US was substantively engaged in the organization, reflect that vision. At this meeting member states were asked to approve amendments to the existing regulations, though the US delegation took the opportunity to open the full package of regulations and consider them anew. Not much progress was made on revisions to these regulations at this session, though the US delegation expressed its desire to take advantage of IRENA's structure as an organization independent from the UN to secure a level of openness and transparency not currently provided for under UN financial regulations. In particular, the US delegation noted its desire to have the regulations allow for IRENA to be audited by an independent, third party auditor (such as a big four accounting firm), allow it to develop its own administration of justice system (current regulations require that it participate in the UN system). The US secured significant support for this approach from several member States (in particular, the UK, the UAE, and Japan) and identified France and Germany, in particular, as countries that will be difficult on these issues going forward.

The US delegation encountered particular problems with Germany over changes needed to the Secondment Regulations prior to the secondment of any US officials to the Secretariat. Current regulations require that the seconding state retain liability for most all acts of its seconded officials while working in the Secretariat. This is a structure which exists in the EU, but is virtually unknown in the realm of international organizations. All countries in the working group assigned to this issue agreed to make adjustments on this issue but for Germany, who stood as the lone hold out blocking consensus reached among 10 other member states (including EU counterparts France and the UK). The US delegation expects to continue discussions with Germany over this key issue.

¶19. (SBU) Governance: The Prep Com adopted a hard-fought decision to formalize three working groups to address overarching issues pertaining to governance, legal, and the work program. Over the course of the preparatory process, the Admin Com and IRENA secretariat had established a number of ad hoc working groups to aid in the work of establishing the organization. The composition, process, and purpose of these working groups was unclear. Formalizing three groups will allow Signatories an official and transparent process for communicating input on important foundational issues to the secretariat, as well as improve communication between Signatories on difficult issues. The

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decision on working groups should not have been contentious, but both France and Germany expressed concerns over "constricting" the role of the Secretariat in IRENA's development. The US delegation argued that it is the purview of Signatories to take the decisions needed to establish IRENA, not the Secretariat. An impending issue is the question, pushed by Spain, of the respective rights of participation for signatories, signatories that contribute voluntarily, and ratified members. The working group on Governance will address this in the coming months.

¶20. (SBU) Executive Management Selection Committee: The Prep Com agreed to the creation of an Executive Management Selection Committee, composed of member states, which will hire an executive search firm to identify and screen qualified candidates for IRENA's

senior positions. Then, a small team (IDG Pelosse and 2 member states on the committee) will interview and select candidates. The UAE asked the US and Japan to introduce this proposal in order to increase transparency within the Secretariat and expedite the hiring process. The US has already volunteered to serve on the committee. This step is viewed as a very positive and necessary step to heighten the professionalism of the organization.

2010 IRENA Calendar

¶21. (U) The Admin Com will meet at least two times during 2010 in Abu Dhabi, with preliminary dates of late May and October/November. Germany will maintain the role of Chair of the Admin Com, and the appointments of Vice-Chairs remain to be determined. The timing of the next Prep Com also remains in question, though it was agreed it will take place the day following the second Admin Com. The IRENA Secretariat has proposed October 25, to precede DIREC, the International Renewable Energy Conference in New Delhi, which begins October 26. Spain will assume the Chair of the fourth Prep Com. Should the IRENA Statute enter into force by mid-2010, the October meeting may be an IRENA Assembly rather than a gathering of the Preparatory Commission.

IRENA Signatory and Member States

¶22. (U) As of the conclusion of the Prep Com on January 17, membership in IRENA consists of the following countries:

AF: Angola, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, CC4te d'Ivoire, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Republic of Congo, Sao Tome and Principe, Senegal, Seychelles, Sierra Leon, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe

EAP: Australia, Brunei Darussalam, Cambodia, Fiji, Japan, Kiribati, Mongolia, Nauru, Nepal, Palau, Papua New Guinea, Philippines, Republic of Korea, Samoa, Timor-Leste, Tonga, Vanuatu

EUR: Albania, Armenia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, European Union, Finland, France, Georgia, Germany, Greece, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom

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NEA: Algeria, Bahrain, Benin, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Syria, Tunisia, United Arab Emirates, Yemen

SCA: Afghanistan, Bangladesh, India, Kazakhstan, Kyrgyz Republic, Maldives, Pakistan, Sri Lanka, Tajikistan, Uzbekistan

WHA: Antigua and Barbuda, Argentina, Chile, Costa Rica, Dominican Republic, Ecuador, Grenada, Guatemala, Honduras, Nicaragua, Panama, Peru, United States, Uruguay, Saint Vincent and the Grenadines

The following eight countries have ratified and thus are members, as opposed to signatories, of IRENA: Germany, Kenya, Liechtenstein, Maldives, Norway, Palau, Sweden, and the UAE.

Comments:

¶23. (SBU) While progress on a suite of issues was achieved during the Prep Com, IRENA's progress overall remains frustratingly slow. This is due in part because representatives to IRENA are often renewable energy policy experts with little knowledge of the IO institutional, legal, and administrative experience that is critical during this early stage of development. Dogged US engagement in the coming several months will continue to be necessary to help guarantee that IRENA becomes an international organization that the Department and the US Congress deem worthy of

US membership. Since IRENA is the first international organization in an NEA country, the US has a vested interest in ensuring that the UAE creates an IRENA with rules, regulations and procedures that will be a good model for the region. Increased US involvement will help to spur progress on key elements of IRENA's establishment, such as the creation of a permanent headquarters agreement and rules of procedure governing the IRENA Assembly and Council. Other longer-term issues such as the question of whether IRENA should become a specialized agency within the UN System will be held in abeyance. IRENA is a critical issue for the UAE, with engagement at senior-most levels; in turn, IRENA is a priority issue in our bilateral relationship with the UAE.

¶24. (SBU) The US remains firmly committed to the principal objectives of IRENA and continues to support the critical need for its operations. Despite its uneven administrative start, the 2010 Work Program reflects US policy on renewable energy deployment and addresses the very reasons why IRENA was created and why we are so aggressively supporting its successful formation: the need to programmatically respond to the global deficiencies in policy and regulatory structures to foment the widespread deployment of renewable energy technologies.

¶25. (C/NF) The US will need to maintain vigilance to safeguard against any backsliding by the UAE on the issue of permanent missions. Though there had been prior agreement by UAE officials on Israeli participation and the establishment of missions, there was a clear sense of discomfort among several levels of UAE representatives on the practical implications of this participation. However, UAE statement both at the opening of the Prep Com and in A/S Jones' bilateral meeting with the Foreign Minister made it clear that they fully intended to comply with their obligations. Though the US (and others) provided some maneuvering room to the UAE officials to come to terms with these issues at this first meeting, we also made our expectations for future engagement quite clear. The UAE resolve to make good on its commitment will manifest itself in negotiations over the HQA.

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Should there be any hedge on the issue of equal treatment or the establishment of permanent missions, the US delegation will not hesitate to quickly elevate the issue to the level necessary to ensure an outcome consistent with the commitments made by the UAE when it was selected as host country of IRENA. End Comment.
OLSON